

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	CSHB 273(EDC)
Fiscal Note Number:	1
(H) Publish Date:	2/28/2022

Identifier: HB273CS(EDC)-EED-FP-2-17-22
Title: INCREASE BASE STUDENT ALLOC. INFLATION
Sponsor: STORY
Requester: House Education

Department: Department of Education and Early Development
Appropriation: K-12 Aid to School Districts
Allocation: Foundation Program
OMB Component Number: 141

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

The committee substitute differs from the initial version by adding the word 'average' to make it clear that the percentage to be used is the average of the preceding three years percentage change in the Alaska CPI for urban areas. The changes also include a lag year in the calculation so the department will have the percentages available when the calculation needs to be done.

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Agency: Department of Education & Early Development

Phone: (907)465-2875
Date: 02/17/2022 03:15 PM
Date: 02/18/22

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

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Analysis

This bill amends AS 14.17.470 by having the department, on July 1 each year, increase the base student allocation (BSA) using the average of the first three of the preceding four calendar years percentage change of the Consumer Price Index for Urban Alaska (CPI-U) as prepared by the United States Department of Labor.

This fiscal note uses the Alaska annual CPI-U percentage for 2019, 2020, and 2021 ($1.39\% + -1.10\% + 4.88\% = 5.17\%$ / $3 = 1.72\%$). The average percentage difference between 2019, 2020, and 2021 is applied to the current FY2023 BSA of \$5,930 to arrive at a CPI-U adjusted BSA of \$6,032 ($\$5,930 \times 1.0172 = \$6,032$).

Using the FY2023 projected average daily membership counts, and the CPI-U adjusted BSA of \$6,032, the new estimated total state entitlement would increase by approximately \$26,136,736. The amount in the out years would be adjusted based on an annual calculation.

The effective date of this bill is July 1, 2024 (FY2025).

The funding mechanism is a general fund transfer to the Public Education Fund (PEF). The fiscal note effect for FY2023 through FY2028 is reported in the fiscal note for the PEF, as the funding is deposited to the PEF, not into the Foundation Program funding component. The above analysis is presented here for explanation purposes only.

Page 3 of the PEF fiscal note provides the projected funding breakdown by school district for CPI-U Alaska BSA increase.